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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

HIDDEN EMPIRE HOLDINGS, LLC; a
Delaware limited liability company;
HYPER ENGINE, LLC; a California
limited liability company; DEON
TAYLOR, an individual,

Plaintiffs,

v.

DARRICK ANGELONE, an individual;
AONE CREATIVE LLC, formerly known
as AONE ENTERTAINMENT LLC, a
Florida limited liability company; and ON
CHAIN INNOVATIONS LLC, a Florida
limited liability company,

Defendants.

CASE NO. 2:22-cv-06515-RSWL-AGR

**DEFENDANTS' MEMORANDUM OF
POINTS AND AUTHORITIES IN
OPPOSITION TO PLAINTIFFS'
MOTION TO DISMISS DEFENDANTS'
THIRD AMENDED COUNTERCLAIMS
AND THIRD-PARTY COMPLAINT**

Hearing Date: April 24, 2023

Hearing Time: 10:00 AM

Dept: 5A

Assigned for all purposes to the Honorable
Judge Michael W. Fitzgerald

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

In support of their Motion to Dismiss all eleven (11) of the claims alleged in the Third Amended Counterclaim (“TACC”) and Third-Party Complaint (“TPC”)¹ against Roxanne Taylor in this matter, Plaintiffs have littered their pleadings with mischaracterizations of the facts and ignorance of the law. A cursory reading of the TACC and TPC will reveal a factual background which painstakingly sets forth detailed factual allegations as to all of the claims therein, particularly the ones sounding in fraud. This comes after the parties have met and conferred three times regarding “deficiencies” in the Defendants’ pleadings.²

The “sham” pleading and inconsistencies asserted by Plaintiffs are nothing but a product of crafty pleading of statements taken primarily from documents outside of the operative pleadings to create confusion. In reality, the pleadings themselves are well within the general rules applicable to pleading. Fed. R. Civ. P. 8. Chiefly, Plaintiffs’ contention that Defendants “admitted unequivocally” that no operating agreement exists between Plaintiff Hyper Engine LLC (“Hyper Engine”) and Defendant Darrick Angelone (“Angelone”) is astounding. Notwithstanding the commonsense notion that a litigant would never openly admit to something that runs completely contrary to their assertions, this contention is merely a product Plaintiffs’ use of artful pleading to create the false impression that such admission was made. It is frivolous in and of itself for Plaintiffs to take statements from Defendants’ past declarations and past iterations of their claims, which have no relevance to the sufficiency of the operative pleadings, and use them to push the notion that Angelone would essentially self-destruct his own claims.

¹ The allegations and claims in the TACC and the Third-Party Complaint against Roxanne Taylor are exactly the same, and citations to the “TACC” herein are also made in reference to the “TPC”.

² The spirit of the parties’ meet and confer discussions was to add more specific allegations and address deficiencies raised by Plaintiffs, in order to avoid court intervention and unnecessary expense. Plaintiffs’ Motion is cost-driven and designed to drive up fees and cause delay insofar as it raises issues that were either never discussed, or have already been addressed. In fact, each meet and confer discussion resulted in the narrowing of the issues with respect to Defendants’ pleadings. Yet, Plaintiffs have included in their Motion sweeping issues with each claim that were never discussed, including that Defendants made “fatal admissions” and that their claims are “time-barred”. See *Declaration of Justin Kian, Esq.*, ¶ 3.

As will be demonstrated herein, each and every claim in Defendants' TACC and TPC are timely, sufficiently pled, and are otherwise not subject to dismissal. In the alternative, there is no just reason to deny Defendants leave to amend.

II. STATEMENT OF FACTS

A. The HEFG Contract

On or about April 26, 2012, HEFG entered into a written agreement with AOne ("2012 Agreement") pursuant to which AOne was hired to develop certain websites. TACC ¶ 16. Thereafter, Angelone, D. Taylor and R. Taylor agreed that Angelone and AOne "would continue to provide marketing services and other digital services" to "Deon, Roxanne, and HEFG, which included digital and social media marketing, developing website domains, and creating digital content such as video and applications." *Id.* at ¶ 17. At no time did the parties agree or otherwise discuss that the 2012 agreement would govern the work provided by Darrick and AONE subsequent to completion of work contemplated by the 2012 agreement. *Id.*

B. Hyper Engine Operating Agreement

On March 1, 2018, Hyper Engine was formed. *Id.* at ¶ 29. Hyper Engine was contemplated as a marketing company and subsidiary of HEFG. *Id.* at ¶ 38.

On or about March 1, 2018, Angelone, the Taylors and third-party Robert F. Smith entered into a long-form operating agreement for Hyper Engine, a copy of which is attached to the TACC as Exhibit A ("3/18/18 Agreement"). *Id.* at ¶ 28, Exhibit A. D. Taylor and R. Taylor both "signed and executed" this agreement. *Id.* As part of their executive management role within Hyper Engine, Angelone and AOne were solely responsible for marketing, web domain and all other digital, creative or IP services. *Id.* at ¶ 29. Pursuant to the 3/18/18 Agreement, Angelone received 16.6%, the Taylors each received 16.6%, and Mr. Smith received 50% ownership of Hyper Engine. *Id.* at ¶¶ 28, 31, Exhibit A.

On or about December 1, 2019 (and at various other times throughout the parties' relationship), Darrick and the Taylors verbally entered into an oral operating agreement

1 for Hyper Engine (“12/1/19 Agreement”). *Id.* at ¶ 75. Pursuant to that agreement, Darrick
 2 received 33.33% and the Taylors each received 33.33% ownership of Hyper Engine. *Id.*
 3 Angelone and the Taylors agreed that “all other material terms of this alleged oral
 4 operating agreement would be in accordance with the terms of the 3/1/18 Agreement. *Id.*

5 In performing the acts and engaging in the conduct of creating pitch decks,
 6 executing marketing campaigns, creating digital branding, registering domain names, and
 7 executing other digital or IP services conducted through AONE, Darrick, Deon, and
 8 Roxanne manifested an intention to enter into an LLC operating agreement to do those
 9 things and to equally share in the profits and losses therefrom. *Id.* at ¶ 81. Throughout
 10 2018 to 2022, Darrick, Deon, and Roxanne held themselves out to the public as equal
 11 members and partners for the development and execution of the described digital
 12 marketing and IP services. *Id.* at ¶¶ 31-33, 82. Deon and Roxanne, individually and on
 13 behalf of Hyper Engine, performed these acts and conduct with the intent to form the
 14 described LLC and operating agreement with Darrick. *Id.* at 83.

15 **C. Darrick is Excluded From Hyper Engine**

16 Beginning in or around April 2021, HEFG hired Quincy Newell as Chief Operating
 17 Officer to help restructure HEFG which included adding Hyper Engine as a subsidiary or
 18 wing of HEFG. *Id.* at ¶ 40. Around that time, Angelone sought to re- negotiate his
 19 membership interest in Hyper Engine to a share above 50% to achieve majority ownership
 20 of the company. *Id.* at ¶ 41. The Taylors disregarded Angelone’s attempt to re-negotiate
 21 and formalize a new operating agreement for Hyper Engine upon restructuring. *Id.* On or
 22 about February 22, 2022, Angelone introduced his attorney Darrell Thompson, Esq. to the
 23 Taylors and Mr. Newell to re-negotiate and finalize the terms of a revised Hyper Engine
 24 operating agreement in light of the “loose ends” surrounding Darrick’s membership in
 25 Hyper Engine. *Id.* at ¶ 42.

26 Prior to and during the formation of Hyper Engine, the Taylors sought to exclude
 27 Angelone as a member of Hyper Engine while benefitting from the marketing, web
 28 domain, and all other digital, creative, or IP services provided by Angelone and AOne. *Id.*

1 at ¶ 34. Beginning in or around April 2021, the Taylors began to carry out their plan to
 2 breach “the company operating agreement, exclude [Angelone] from [Hyper Engine], and
 3 take Hyper Engine’s assets, proprietary information, and intellectual property and claim it
 4 as their own.” *Id.* at ¶ 38. For each operating agreement, the Taylors failed to recognize
 5 Angelone as a member of Hyper Engine despite numerous promises and reassurances that
 6 such membership was created. *Id.* at ¶¶ 39, 71. In addition, they breached the operating
 7 agreements by excluding Angelone from Hyper Engine’s management and profits, and by
 8 claiming ownership of Angelone and AOne’s proprietary information and intellectual
 9 property developed for Hyper Engine and HEFG. *Id.* at ¶¶ 71, 77, 86.

10 Deon and Roxanne’s knowing intent to deceive is evidenced in large part by Deon
 11 and Roxanne’s exclusion and refusal to treat Darrick as a partner against past promises,
 12 Deon and Roxanne’s current position that Hyper Engine was never intended to include
 13 Darrick as a partner, and Deon’s statement in a voice memo dated April 8, 2022 that
 14 Hyper Engine was “not real”, all of which directly contradicts the Parties’ operating
 15 agreement, communications, and other conduct demonstrates that Hyper Engine did in
 16 fact include Darrick as a member of the company. *Id.* at ¶ 34.

17 Notably, neither Deon, Roxanne, nor HEFG ever disputed Darrick’s understanding
 18 and representations that he was a member of Hyper Engine, as clearly evidenced by his
 19 above actions. *Id.* at ¶ 35. In fact, after Hyper Engine was formed, Darrick and AONE
 20 were not once advised that Darrick was not a member of Hyper Engine until years later
 21 when Deon and Roxanne ultimately carried out their plan to exclude Darrick as a member.
 22 *Id.*

23 **D. The Fear Game and Defendants’ Damages**

24 In or around August 2021, Defendants were engaged to handle the digital marketing
 25 for the theatrical release of the HEFG film titled “Fear,” ultimately set for release on
 26 January 27, 2023. *Id.* at ¶ 48. AOne spent in excess of \$250,000 for development of the
 27 marketing strategy and to be present at meetings and other events during the development.
 28 *Id.* Angelone and AOne spent countless hours in their engagement for marketing “Fear.”

1 *Id.* at ¶ 49. Plaintiffs used AOne’s marketing strategy for “Fear” without permission or
 2 paying for it. *Id.* at ¶ 48.

3 On or around November 29, 2021, Angelone proposed a video game and NFT
 4 activation based on “Fear” as part of a larger marketing plan. *Id.* at ¶¶ 51,52. On or about
 5 December 15, 2021, Angelone sent draft artwork for characters as they would look in the
 6 Fear game to HEFG personnel. From December 2021 through February 2022, Angelone
 7 communicated with HEFG about the development of the Fear game. *Id.* at ¶ 52. During
 8 the foregoing communications, HEFG never told Angelone that he should cease work on
 9 the projects related to Fear. *Id.* Angelone is “entitled to a 15% fee of the \$2.7M marketing
 10 strategy for Fear (i.e., \$405,000.00)....” *Id.* at ¶ 67. Angelone and AOne also seek
 11 \$250,000 for the development of the Fear game, and \$10,000 for the development of a
 12 Fear Instagram filter. *Id.*

13 **E. Outstanding Invoices**

14 Beginning in May 2022, Angelone and AOne incurred expenses in providing their
 15 time and services to HEFG, Hyper Engine, and the Taylors. *Id.* at ¶ 60. There are 7
 16 outstanding invoices totaling \$35,818.41. *Id.*

17 **III. ANY ALLEGED ADMISSIONS BY DEFENDANTS ARE ILLUSORY AND** 18 **NOT BASED IN REALITY**

19 At no point in this litigation have Defendants “admitted” that the parties have never
 20 entered into any operating agreement. To the contrary, Defendants’ pleadings have thus
 21 far alleged meticulous facts which confirm that (1) there is significant support for
 22 Defendants’ breach and fraud claims, under multiple alternative theories, with respect to
 23 Plaintiffs’ complete exclusion of Darrick as a member of Hyper Engine, and (2) any
 24 “admission” by Defendants are a product of Plaintiffs taking statements out of context to
 25 create such an impression.

26 In support of their position that Defendants made such an admission, Plaintiffs
 27 hinge their argument on Angelone’s February 21, 2022 statement that he hired counsel
 28 “for the expressed purposes of finalizing the terms of our partnership that had been left

1 languishing since 2018.” Dkt. 18-2, Angelone Decl., ¶ 39. This statement on its face does
 2 not evidence any unequivocal nor deliberate admission. Rather, it shows that Angelone
 3 sought to finalize unaddressed terms “that had been left languishing since 2018.” This
 4 statement can easily be taken to confirm, rather than disaffirm, the 3/1/18 Hyper Engine
 5 operating agreement, in that there were some terms from that agreement that had been
 6 “languishing” (i.e., disregarded by Plaintiffs), and that Angelone felt it necessary to
 7 address said terms. This is perfectly consistent with the fact that Plaintiffs began carrying
 8 out their scheme to exclude Angelone from Hyper Engine “in or around April 2021”.
 9 TACC ¶ 40.

10 Further, this one event cited by Plaintiffs is consistent with the pleadings because it
 11 merely illustrates a factual scenario where Angelone, who was disgruntled because he was
 12 not being treated as a member of Hyper Engine despite repeated assurances, hired a
 13 lawyer to both request that Plaintiffs perform their obligations and to amend the current
 14 operating agreement. *See Id.* at ¶¶ 34, 38-42. This is especially true in light of the fact that
 15 Angelone and his company AOne were shouldering much of the work and costs
 16 associated with Hyper Engine’s services at the time, and Angelone rightfully felt like he
 17 was being unfairly treated. *See Id.* at ¶¶ 57, 60, 128. In fact, the TACC even states how the
 18 existing Hyper Engine operating agreement was unaffected by this incident, which
 19 Plaintiffs have omitted: “On or about February 22, 2022, Darrick introduced Darrell
 20 Thompson, Esq. to Deon, Roxanne, and Quincy Newell via email to *re-negotiate* and
 21 finalize the terms of a *revised* Hyper Engine LLC operating agreement and member
 22 equity, to protect Darrick’s interest in the company upon restructuring.” *Id.* at ¶ 42
 23 (emphasis added). Instead, Plaintiffs incessantly cite to instances of previous iterations of
 24 the pleadings in which Angelone sought to “formalize” an operating agreement, to try and
 25 create the impression that the parties never entered into an operating agreement. *See Pl.*
 26 *Motion*, p. 8-9. However, not only does this ignore that there is still overwhelming support
 27 for Defendants’ claims under both an oral and an implied operating agreement theory, but
 28 it also demonstrates Plaintiffs’ failure to realize that Angelone only resorted to hiring an

1 attorney to revise the existing operating agreement out of frustration, because Plaintiffs
 2 had consistently failed to honor their written and oral promises that Angelone was a
 3 member of Hyper Engine. *See* TACC at ¶¶ 40-42. That is precisely why Angelone sought
 4 to “make sure that the *loose ends of our partnership* surrounding Hyper Engine are nailed
 5 down”. *Id.* at ¶ 42 (emphasis added). This can only be taken to mean that a partnership
 6 (i.e., Hyper Engine LLC) already existed.

7 Further, Plaintiffs’ citation to Angelone’s statement on August 20, 2019 where he
 8 sought to “formalize” the Hyper Engine business venture is also irrelevant and merely
 9 being used to create an illusion that Angelone admitted to there being no operating
 10 agreement. *See* Pl. Motion, p. 6, lines 7-17 (*citing* Dkt. 18-2, Angelone Decl., ¶¶ 39, 69,
 11 Ex. 44.) Angelone’s declaration, which Plaintiffs rely on so heavily, even makes clear that
 12 he sent this email to Plaintiffs in response to his “lack of inclusion in the Hyper Engine
 13 decision making process and how, as the sole digital provider of Hyper Engine services,
 14 AOne was burdened to carry significant costs for great lengths of time.” Dkt. 18-2,
 15 Angelone Decl., ¶¶ 39, 69, Ex. 44. This supports the factual timeline of the TACC,
 16 because what followed this statement in August of 2019 were discussions and actions on
 17 the part of Plaintiffs which culminated in a revised operating agreement dated December
 18 1, 2019, and oral promises by Plaintiffs reassuring Darrick that he was an equal member
 19 of Hyper Engine. *See* TACC ¶¶ 31, 31(f), 75. Even assuming this August 20, 2019 event
 20 confirmed Angelone’s “understanding that no operating agreement has been entered into”,
 21 this does nothing to rebut the binding, subsequent promises by Plaintiffs that Angelone
 22 would receive a one-third share of Hyper Engine as a member of the company, and acts
 23 consistent with those promises until they ultimately turned out to be fraudulent statements.
 24 *See Id.* at ¶¶ 31-35, 38-42. If in fact there was no operating agreement, why (and how)
 25 would Plaintiffs proceed to create a company bank account for Hyper Engine one month
 26 after the supposed breach date on September 20, 2019? *See Id.* at ¶ 31(d). Why would they
 27 proceed to create business cards for the Hyper Engine executives (including Darrick) in
 28 December, 2019? *See Id.* at ¶ 31(h). Why would they, in telephone discussions on or about

1 February 23, 2020 with Roxanne regarding the formation of Hyper Engine, confirm the
 2 Hyper Engine split in ownership of 1/3 (33%) to each Deon, Roxanne, and Darrick? *See*
 3 *Id.* at ¶ 31(f).

4 Plaintiffs also wrongfully assert that “Angelone also admitted that the 3/1/18
 5 Agreement was just a draft and that he did not receive it until August 1, 2019.” *See* Pl.
 6 Motion, p. 6, lines 18-19. This is nowhere to be found in the operative pleadings, which
 7 are the true subject of this motion to dismiss. The TACC makes no mention of this being a
 8 “draft” agreement. In any event, Plaintiffs are manipulating this statement to create the
 9 impression that Darrick first became aware of the 3/1/18 operating agreement on August
 10 1, 2019. In reality, Darrick was well aware of the existence of this operating agreement,
 11 considering the fact that Hyper Engine was registered with the California Secretary of
 12 State on March 1, 2018, and that the parties thereafter proceeded to operate Hyper Engine
 13 as executives, as part of their role as members of the LLC. TACC at ¶¶ 29, 31-33.

14 Plaintiffs indeed must be aware that the 3/1/18 operating agreement is not just a
 15 “draft”, because a Hyper Engine bank account was created by Plaintiffs, and on which
 16 Darrick was listed as a signatory. *Id.* at ¶ 31. If the operating agreement was not signed, as
 17 Plaintiffs claim, then surely the bank would not have allowed Plaintiffs to open an account
 18 in the name of the LLC.

19 These purported “admissions” by Defendants are nothing other than statements
 20 taken out of context to create the impression that there was an admission. It is obvious that
 21 Defendants have not made any such admission, because they have maintained from the
 22 inception of this litigation that multiple iterations of the Hyper Engine operating
 23 agreement were created, each with Darrick or AONE named as a member, and each
 24 supporting a separate, alternative theory of relief. Here, Defendants’ Third Amended
 25 Counterclaims, the current operative pleading, seeks to enforce the binding, March 1,
 26 2018 written operating agreement which was signed by Plaintiffs. *See Id.* at ¶¶ 28, 69. In
 27 the alternative, Defendants seek to enforce an oral operating agreement consistent with
 28 Plaintiffs’ numerous promises and representations that Darrick was a one-third member of

Hyper Engine. *See Id.* at ¶ 75. The December 1, 2019 date of formation for the oral contract is just one of many dates on which the terms of the oral operating agreement were discussed. The Defendants' pleadings makes this clear: "On or about December 1, 2019, (and at various other times throughout the parties' relationship, as set forth above) Darrick, Deon, and Roxanne verbally entered into an operating agreement to form Hyper Engine for the general purpose of using Darrick and AONE's digital marketing services to benefit Deon, Roxanne, HEFG, Hyper Engine, and/or their clients. . ." *Id.* (emphasis added). Lastly, Defendants seek to enforce, in the alternative, an *implied* operating agreement based on the overwhelming evidence that Deon, Roxanne, and Angelone formed a business venture together for the purpose of creating a marketing wing of HEFG to service HEFG and HEFG clients, and performed acts consistent with such purpose. *Id.* at ¶ 81. A simple reading of the Defendants' counterclaims will reveal this. Yet, Plaintiffs insist on creating smoke by taking these alternatively pled causes of action out of context, and using them to create the impression that Defendants are attempting to enforce three agreements simultaneously.

IV. LEGAL STANDARDS APPLICABLE TO A MOTION TO DISMISS

In resolving a 12(b)(6) motion, a court's review is generally limited to the operative pleading. *Daniels-Hall v. National Educ. Ass'n*, 629 F.3d 992, 998 (9th Cir. 2010); *Sanders v. Brown*, 504 F.3d 903, 910 (9th Cir. 2007). "An amended pleading supersedes the original." *Hal Roach Studios, Inc. v. Richard Feiner & Co.*, 896 F.2d 1542, 1546 (9th Cir. 1989). In California, an amended pleading entirely supersedes the prior version of that pleading and renders the prior version a nullity. *Alexander v. Holland*, No. 2:13-cv-09302-DDP (GJS), 2022 U.S. Dist. LEXIS 240119, at *161 (C.D. Cal. Dec. 16, 2022), *Citing Meyer v. State Bd. of Equalization*, 42 Cal. 2d 376, 384, 267 P.2d 257 (1954) ("It is well established that an amendatory pleading supersedes the original one, which ceases to perform any function as a pleading.")

In support of their argument that Defendants admitted to the non-existence of the Hyper Engine operating agreement, Plaintiffs rely almost exclusively on past iterations of

1 the complaint and other documents that ignore the explicit allegations of the TACC. *See*,
 2 *e.g.*, Pl. Motion, pp. 5-9. Relying on these previous pleadings ignores the very purpose of
 3 amending the complaint to refine the factual background and Defendants’ claims.
 4 Plaintiffs’ Motion seems to deflect and ignore the confines of the operative complaint, in
 5 trying to create a veil of confusion over the Defendants’ claims therein. In any event, the
 6 TACC and the TPC are the operative pleadings to which the Motion to Dismiss must be
 7 directed to. All previous iterations of the Defendants’ claims have been superseded and
 8 have no relevance here. *See Hal Roach Studios*, 896 F.2d at 1546.

9 To withstand a challenge under Rule 12(b)(6), “a complaint must set forth ‘factual
 10 content that allows the court to draw the reasonable inference that the defendant is liable
 11 for the misconduct alleged.’” *Bowman v. Iddon*, 848 F.3d 1034, 1039 (D.C. Cir. 2017)
 12 (quoting *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009)). In reviewing a motion to dismiss
 13 under Rule 12(b)(6), the court must accept all factual allegations pleaded in the complaint
 14 as true, and construe them and draw all reasonable inferences from them in favor of the
 15 nonmoving party. *Cahill v. Liberty Mutual Insurance Co.*, 80 F.3d 336, 337-38 (9th Cir.
 16 1996); *Mier v. Owens*, 57 F.3d 747, 750 (9th Cir. 1995). Moreover, a complaint survives
 17 a motion to dismiss even “[i]f there are two alternative explanations, one advanced by
 18 [the] defendant and the other advanced by [the] plaintiff, both of which are plausible.”
 19 *Starr v. Baca*, 652 F.3d 1202, 1216 (9th Cir. 2011) (Even if the defendant believes that its
 20 version will “prove to be the true one . . . that does not relieve defendant[] of [its]
 21 obligation to respond to a complaint that states a plausible claim for relief, and to
 22 participate in discovery.”) A complaint may proceed even though proof seems
 23 improbable, or recovery is very remote and unlikely. *Multimedia Patent Trust v.*
 24 *Microsoft Corp.*, 525 F.Supp.2d 1200, 1212 (S.D. Cal. 2007).

25 **V. DEFENDANTS’ FIRST CLAIM FOR BREACH OF EXPRESS OPERATING** 26 **AGREEMENT IS SUFFICIENTLY PLED**

27 **A. Plaintiffs Have Created The False Impression That Defendants** 28 **Admitted To The Non-Existence of The Subject Operating Agreement**

1 Factual assertions in pleadings and pretrial orders, unless amended, are considered
 2 judicial admissions conclusively binding on the party who made them. *Am. Title Ins. Co.*
 3 *v. Lacelaw Corp.*, 861 F.2d 224, 226 (9th Cir. 1988) (emphasis added). To qualify as a
 4 judicial admission, the admission must be deliberate, clear, and unequivocal.
 5 *Truckstop.Net, L.L.C. v. Sprint Communications Co., L.P.*, 537 F.Supp.2d 1126, 1135 (D.
 6 Idaho 2008) (emphasis added).

7 Here, Plaintiffs' proffered support for the contention that Defendants made a fatal
 8 admission falls flat on its face, because it does not actually show any deliberate, clear,
 9 and unequivocal admission. Even assuming that Defendants' alleged "admissions" are
 10 unequivocal, there is no reasonable interpretation that would allow one to conclude that
 11 such admission was "deliberate", as set forth in Section III above. *See Truckstop.Net*, 537
 12 F.Supp.2d at 1135. It is entirely frivolous for Plaintiffs to even assert that Defendants
 13 would intentionally admit to the non-existence of the subject operating agreement.
 14 Regardless, the purported "admissions" that Plaintiffs cite to have since been amended
 15 and thus, have no conclusive effect. *See Am. Title. Ins. Co.*, 861 F.2d at 226; *Hal Roach*
 16 *Studios, Inc.*, 896 F.2d at 1546. Primarily, the TACC removes any reference to the Hyper
 17 Engine operating agreement as a "draft", yet Plaintiffs rely so heavily on previous
 18 statements to that effect in past pleadings, which have since been amended and
 19 superseded. *See Pl. Motion*, p. 7, lines 4-8.

20 Further, as fully set forth in Section III above, there is no support for the notion
 21 that Defendants have made deliberate admissions in *any* pleading. Rather, what Plaintiffs
 22 have managed to do is merely take statements from Defendants out of various pleadings
 23 existing outside of the four corners of the operative complaint, and use them to create the
 24 false notion that there has been a deliberate admission.

25 **B. Plaintiffs Have Created The Illusion of Inconsistent Pleadings**

26 Unlike what Plaintiffs have asserted, *Shwarz v. United States*, 234 F.3d 428, 435
 27 (9th Cir. 2000) does not stand for the proposition that courts may disregard allegations
 28 that are "internally inconsistent." In fact, this opinion does not even contain the words

1 “internally inconsistent”. *Id.* What Plaintiffs have ignored is that Fed. R. Civ. P. 8(d)(2)
 2 allows a party to “set out 2 or more statements of a claim or defense alternatively or
 3 hypothetically, either in a single count or defense or in separate ones. If a party makes
 4 alternative statements, the pleading is sufficient if any one of them is sufficient.” further,
 5 Fed. R. Civ. P. 8(d)(3) allows a party to “state as many separate claims or defenses as it
 6 has, regardless of consistency.”

7 Here, Plaintiffs have deflected from the fact that Defendants have alleged, in the
 8 alternative, three distinct claims for breach based on Plaintiffs’ repeated failures to honor
 9 their written and oral promises that Angelone is a member of Hyper Engine, as fully set
 10 forth in Section III above. There is absolutely no part of the operative TACC where
 11 Defendants “acknowledge” that the parties’ written operating agreement was just an
 12 incomplete draft. The TACC further does not mention any “draft” operating agreement.
 13 Also, and as set forth above, Angelone’s later attempts to “formalize” an operating
 14 agreement have been taken completely out of context. *See* Section III, above. In reality,
 15 the TACC demonstrates how, in acknowledgment that Plaintiffs were reneging on their
 16 operating agreement, Angelone sought to address the “loose ends” of the operating
 17 agreement, those “loose ends” being Plaintiffs failure to honor their promises. TACC ¶
 18 42.

19 In line with the legal principles outlined above, Defendants’ TACC also clearly
 20 alleges that a written operating agreement was entered into by the Plaintiffs which “was
 21 signed and executed by Deon Taylor and Roxanne Taylor on behalf of Hyper Engine” on
 22 or about March 1, 2018. *Id.* at ¶ 28). Taking this contention as true, and in light of the
 23 foregoing, there is no merit to any counter argument that the existence of the parties’
 24 written operating agreement was not sufficiently pled.

25 **VI. DEFENDANTS’ SECOND CLAIM FOR BREACH OF ORAL OPERATING** 26 **AGREEMENT IS TIMELY AND SUFFICIENTLY PLED**

27 **A. This Claim is Timely on its Face**

1 Plaintiffs claim that Darrick Angelone made an “admission that he declared the
 2 Taylors in breach of a claimed operating agreement on August 20, 2019. . .” (Motion, p.
 3 13, lines 4-5). Yet, there is zero mention of “breach” in the August 20, 2019 email which
 4 this refers to. *See Dkt. 23-1*, Angelone Decl., ¶ 69, Ex. 44. Neither does Angelone ever
 5 admit to “hi-jacking” any of Plaintiffs’ assets, as Plaintiffs claim. *See Pl. Motion*, p. 12,
 6 lines 8-12. Plaintiffs apparently believe that withholding goods or property from a client
 7 due to nonpayment equates to “hijacking”. This nonsensical proposition would essentially
 8 mean that one could engage an IT company to create intellectual property (“IP”), then,
 9 instead of paying for the IP, they can sue the IT company and accuse them of hijacking.

10 The factual background makes clear that, even assuming a breach date of August
 11 20, 2019, this breach was wholly independent of the Defendants’ instant claims, because
 12 the TACC plainly indicates a factual timeline in which the parties proceeded in operating
 13 Hyper Engine as a joint venture, consistent with the Plaintiffs’ fraudulent promises. *See*
 14 TACC at ¶¶ 31-33, 35. In other words, this supposed “breach” was cured by the Plaintiffs’
 15 subsequent promises that Darrick would receive a one-third share of Hyper Engine as a
 16 member of the company, and acts consistent with what turned out to be fraudulent
 17 statements. *See Id.* at ¶ 31.

18 If there was an uncured breach, as Plaintiffs claim, why (and how) would Plaintiffs
 19 proceed to create a company bank account for Hyper Engine one month after the supposed
 20 breach date on September 20, 2019? *See Id.* at ¶ 31(d). Why would they proceed to create
 21 business cards for the Hyper Engine executives (including Darrick) in December, 2019?
 22 *See Id.* at ¶ 31(h). Why would they, in telephone discussion on or about February 23, 2020
 23 with Roxanne regarding the formation of Hyper Engine, confirm the Hyper Engine split in
 24 ownership of 1/3 (33%) to each Deon, Roxanne, and Darrick? *See Id.* at ¶ 31(f). If this
 25 operating agreement was actually breached, why would Plaintiffs proceed to allow
 26 Darrick to interface with Hyper Engine clients in his capacity as a member, even
 27 executing contracts and invoices on Hyper Engine’s behalf? *See Id.* at ¶ 31(l)-(m)? It
 28 simply does not track.

1 In any event, Plaintiffs are apparently not informed that a breach can be continuing
 2 in nature. In California, the continuing violation doctrine aggregates a series of wrongs or
 3 injuries for purposes of the statute of limitations, treating the limitations period as
 4 accruing for all of them upon commission or sufferance of the last of them. *Richards v.*
 5 *CH2M Hill, Inc.* 26 Cal.4th 798, 811–818 (2001); *see National Railroad Passenger*
 6 *Corporation v. Morgan*, 536 U.S. 101, 118 (2002).

7 Here, the earliest possible breach date for an agreement for Hyper Engine accrued
 8 on or after April 22, 2022, when it became evident to Defendants that “Deon and
 9 Roxanne, individually and on behalf of Hyper Engine, knowingly sought to exclude
 10 Darrick as a member and avoid continuing a partnership in the operation of Hyper Engine
 11 with Darrick and AONE, *all in breach of past promises and mutual understanding*
 12 *between the parties.*” (emphasis added.) TACC ¶ 42. Considering the Defendants’ initial
 13 filing date of September 16, 2022, this claim is demonstrably within the applicable two-
 14 year statute of limitations.

15 **B. Plaintiffs Have Created An Illusion of Inconsistent Pleadings**

16 As set forth in detail above, Defendants’ TACC clearly alleges that an oral
 17 operating agreement was entered into by the Plaintiffs based on the countless promises by
 18 Plaintiffs that Darrick was a member of Hyper Engine. Plaintiffs’ crafty use of statements
 19 from outside declarations and pleadings that have since been amended have no effect on
 20 the allegations of the TACC. Namely, and contrary to Plaintiffs’ allegations, the TACC
 21 specifically outlines Plaintiffs’ mutual assent to an oral operating agreement for Hyper
 22 Engine: “On or about December 1, 2019, (and at various other times throughout the
 23 parties’ relationship, as set forth above) Darrick, Deon, and Roxanne verbally entered
 24 into an operating agreement to form Hyper Engine for the general purpose of using
 25 Darrick and AONE’s digital marketing services to benefit Deon, Roxanne, HEFG, Hyper
 26 Engine, and/or their clients. . .” TACC at ¶ 75; *see also* TACC at ¶31(f). Taking this
 27 contention as true, and in light of the foregoing, there is no merit to any counter argument
 28 that the existence of the parties’ oral operating agreement was not sufficiently pled.

**VII. DEFENDANTS' THIRD CLAIM FOR BREACH OF IMPLIED
OPERATING AGREEMENT IS TIMELY AND SUFFICIENTLY PLED**

A. This Claim is Timely on its Face

Under California law, a claim of breach of implied contract is also governed by a two-year statute of limitations and accrues at the time of breach. *Benton v. Baker Hughes*, No. CV 12-07735 MMM MRWX, 2013 WL 3353636, at *5 (C.D. Cal. June 30, 2013) (citing Cal.Code Civ. Proc. § 339(1)).

As set forth in Sections III and V(a) above, and following the explicit language of the TACC, the earliest possible breach date for an agreement for Hyper Engine accrued on or after April 22, 2022. Applying the abovementioned two-year statute of limitations, this claim was brought well within the applicable statute of limitation and is thus timely.

B. Plaintiffs Have Created The Illusion of Inconsistent Pleadings

As set forth in Sections III and V(b) above, there is no reasonable interpretation under the operative TACC which would result in the contradiction of the implied Hyper Engine operating agreement. Rather, this alternatively pled claim of an implied operating agreement is a result of the actions of Plaintiffs in forming a joint business venture with Darrick for the purpose of creating a marketing wing of HEFG to service HEFG and HEFG clients. TACC ¶ 14. The TACC contains overwhelming facts to support the existence and subsequent breach of an implied Hyper Engine operating agreement, including the creation of written Hyper Engine operating agreements, the creation of a Hyper Engine bank account and debit card on which Angelone's name is listed, and countless other actions which are fully detailed in the TACC. *See Id.* at ¶¶ 18-36. Regardless of whether Plaintiffs explicitly agreed to this operating agreement (as they clearly have), there is tremendous support for their implied agreement.

**VIII. DEFENDANTS' FOURTH CLAIM FOR BREACH OF FIDUCIARY DUTY
IS TIMELY AND SUFFICIENTLY PLED**

A. This Claim is Timely on its Face

1 A breach of fiduciary duty claim that sounds in fraud is governed by a three-year
 2 statute of limitations period. Cal. Code Civ. Proc. § 338(d); *Am. Master Lease LLC v.*
 3 *Idanta Partners, Ltd.*, 225 Cal. App. 4th 1451, 1479 (Ct. App. 2014), as modified (May
 4 27, 2014); *City of Vista v. Robert Thomas Sec., Inc.*, 84 Cal. App. 4th 882, 889 (Ct. App.
 5 2000) (where gravamen of complaint is fraud, claims are subject to a three-year statute of
 6 limitations).

7 Here, as discussed above, the earliest possible breach date for an agreement for
 8 Hyper Engine accrued on or after April 22, 2022. See TACC ¶ 42. Therefore, the statute
 9 of limitations has not expired for this claim yet, and the claim is timely because
 10 Defendants filed their State Court complaint only months later on September 16, 2022.
 11 RJN, ¶ 1. This claim is timely and should stand.

12 **B. Plaintiffs’ Inherent Fiduciary Duty Has Been Adequately and Plausibly**
 13 **Stated**

14 The elements of a cause of action for breach of fiduciary duty are (1) the existence
 15 of a fiduciary duty; (2) breach of the fiduciary duty; and damages proximately caused by
 16 the breach. *Oasis West Realty, LLC v. Goldman*, 51 Cal. 4th 811, 820-21 (2011).

17 Here, the existence of a fiduciary duty is plain. As set forth fully in Sections III and
 18 V, above, the TACC clearly alleges that a written Hyper Engine operating agreement was
 19 entered into and executed by Plaintiffs Deon Taylor and Roxanne Taylor. TACC ¶ 28.
 20 Taking this contention as true, it is plain that as members of the LLC, the Taylors owed a
 21 fiduciary duty to their business partner and fellow LLC member, Darrick Angelone. *See*
 22 Cal. Corp. Code § 17704.09(a) (“The fiduciary duties that a member owes to a member-
 23 managed limited liability company and the other members of the limited liability company
 24 are the duties of loyalty and care. . .”). Based on the foregoing, this claim is not subject to
 25 dismissal.

26 **IX. DEFENDANTS’ FIFTH CLAIM FOR CONSTRUCTIVE FRAUD IS**
 27 **TIMELY AND SUFFICIENTLY PLED**

28 **A. This Claim is Timely on its Face**

1 Here, as discussed above, the earliest possible date for when Defendants were on
 2 notice of Plaintiffs' fraudulent conduct was on or after April 22, 2022. *See* TACC ¶ 42.
 3 Applying the three-year statute of limitations provided in Cal. Code of Civil Procedure §
 4 338(d), this claim is timely because Defendants filed their State Court complaint on
 5 September 16, 2022, only months after the earliest possible discovery date. RJN, ¶ 1.

6 **B. A Duty Has Been Adequately and Plausibly Stated**

7 As fully set forth above, a fiduciary relationship exists between Darrick Angelone
 8 and the Taylors by virtue of the Hyper Engine operating agreement, which has sufficiently
 9 been alleged. *See* TACC at ¶ 28; *See also* Section V, above. As such, a fiduciary duty has
 10 been sufficiently pled with respect to this claim.

11 **C. This Claim Has Been Pled With Overwhelming Specificity**

12 Defendants' constructive fraud claim, as with all other claims in the TACC, have
 13 been pled with painstaking specificity. One cursory review of ¶¶ 18-37 of the TACC will
 14 reveal countless details of the Plaintiffs' fraudulent conduct with respect to the formation
 15 of Hyper Engine, including but not limited to emails, telephone discussions, meetings,
 16 events, agreements, and other actions by Plaintiffs which plainly indicate the "the who,
 17 what, when, where, and how" of their fraudulent conduct. *Ebeid v. Lungwitz*, 616 F.3d
 18 993, 998 (9th Cir. 2010). Specifically, ¶¶ 31-33 of the TACC outline, using detailed lists,
 19 the extent of Plaintiffs' promises and actions consistent with their repeated assurances that
 20 Angelone was an equal member of Hyper Engine. Thereafter, ¶¶ 34-35 of the TACC
 21 synopses Plaintiffs' knowing failures to make good on their promises, which are
 22 evidenced in part by Plaintiffs' deliberate failures to correct or advise anyone of their
 23 belief that Darrick was not actually a member of Hyper Engine, and Deon Taylor's
 24 astonishing statement, in a voice memo dated April 8, 2022, that Hyper Engine was "not
 25 real". Furthermore, ¶¶ 38-47 of the TACC provide thoroughly specific details of the
 26 circumstances in which Plaintiffs' carried out their fraudulent scheme to oust Darrick from
 27 his membership position in Hyper Engine and ultimately defraud him out of his time and
 28 substantial investment in the LLC.

X. DEFENDANTS' SIXTH CLAIM FOR PROMISSORY FRAUD IS TIMELY AND SUFFICIENTLY PLED

A. This Claim is Timely on its Face

Here, as discussed above, the earliest possible date for when Defendants were on notice of Plaintiffs' fraudulent conduct was on or after April 22, 2022. *See* TACC ¶ 42. Applying the three-year statute of limitations provided in Cal. Code of Civil Procedure § 338(d), this claim is timely because Defendants filed their State Court complaint on September 16, 2022, only months after the earliest possible discovery date. RJN, ¶ 1.

B. This Claim Has Been Pled With Overwhelming Specificity

Angelone's Promissory Fraud claim derives from the notion that Plaintiffs devised and carried out a fraudulent scheme to induce into Darrick starting a joint venture with Plaintiffs as a member of Hyper Engine, only to subsequently oust and ultimately defraud him out of his valuable time and substantial investment in the LLC. *See* TACC ¶¶ 31-47.

As to the basis for the Promissory Fraud claim, Defendants have alleged with overwhelming specificity "facts explaining why the statement was false when it was made". *See Smith v. Allstate Ins. Co.*, 160 F.Supp.2d 1150, 1152 (S.D.Cal.2001). Specifically, and as fully set forth above in Section IX(c), ¶¶ 33-34 of the TACC summarize Plaintiffs' knowing failures to make good on their promises, which are evidenced in part by Plaintiffs' deliberate failures to correct or advise anyone of their belief that Darrick was not actually a member of Hyper Engine, and Deon Taylor's statement, in a voice memo dated April 8, 2022, that Hyper Engine was "not real". Based on Deon's statement alone, it can reasonably be inferred that Plaintiffs ultimately had no intention of performing, because for Deon to claim that Hyper Engine is "not real" (in light of the substantial evidence of the company's formation and acts such as holding Darrick out to the public as a member) demonstrates the Plaintiffs' fraudulent scheme and "intent not to perform" their promise at the time it was made. *See Magpali v. Farmers Group, Inc.*, 48 Cal.App.4th 471, 481, (1996). Furthermore, Plaintiffs' knowing intent to deceive can be inferred from the very fact that Darrick functioned as a member and

1 executive of Hyper Engine and was routinely held out as such by Plaintiffs to Hyper
 2 Engine and HEFG clients, yet at the same time Plaintiffs would exclude Darrick from
 3 important company discussions as a way to hide their deceitful intent. *See* TACC ¶¶ 31-
 4 33, 40. Plaintiffs' actions are far beyond mere nonperformance of a promise, as the TACC
 5 details Plaintiffs' fraudulent scheme from inception until the start of this litigation. Thus,
 6 this claim is not subject to dismissal.

7 **XI. DEFENDANTS' SEVENTH CLAIM FOR NEGLIGENT** 8 **MISREPRESENTATION IS TIMELY AND SUFFICIENTLY PLED**

9 **A. This Claim is Timely on its Face**

10 Here, as discussed above, the earliest possible date for when Defendants were on
 11 notice of Plaintiffs' negligent conduct was on or after April 22, 2022. *See* TACC ¶ 42.
 12 Applying the three-year statute of limitations provided in Cal. Code of Civil Procedure §
 13 338(d), this claim is timely because Defendants filed their State Court complaint on
 14 September 16, 2022, only months after the earliest possible discovery date. RJN, ¶ 1.

15 **B. Defendants Have Plausibly Alleged a Duty and Have Pled This Claim** 16 **With Overwhelming Specificity**

17 Here, as set forth in detail in Sections III and V, above, the TACC unmistakably
 18 alleges that a written Hyper Engine operating agreement was entered into and executed by
 19 Plaintiffs Deon Taylor and Roxanne Taylor, and further that any claim arising thereunder
 20 is timely. TACC ¶ 28. Taking these contentions as true, it is evident that, as members of
 21 the LLC, the Taylors owed a fiduciary duty to their business partner and fellow member,
 22 Darrick Angelone.

23 Moreover, this claim is pled with the requisite specificity, as the TACC contains
 24 more than enough facts to conclude that Plaintiffs made countless misrepresentations and
 25 material omissions during the course of their relationship with Darrick Angelone. ¶¶ 31-33
 26 alone contain a wealth of specific instances which unequivocally demonstrate that Darrick
 27 provided services and operated as a member of Hyper Engine, and was recognized and
 28 held out as such by Plaintiffs. But perhaps the most significant omission is stated in ¶¶ 34-

35 of the TACC, which illustrates that, from the inception of Hyper Engine in 2018, Deon and Roxanne did absolutely nothing to advise Darrick or any third party that Darrick was in fact not a member of Hyper Engine, until Deon's statement in a voice memo dated April 8, 2022 that Hyper Engine was "not real". The TACC is fraught with similar allegations. As such, this claim is sufficiently pled and thus not subject to dismissal.

XII. DEFENDANTS' EIGHTH CLAIM FOR UNJUST ENRICHMENT IS LEGALLY SUFFICIENT

A. Defendants' Unjust Enrichment Claim Is Recognized As A Quasi-Contract Claim Seeking Restitution

Just weeks ago, this Court encountered Plaintiffs' very same contention that unjust enrichment does not support a separate claim for relief, in *Abrams v. Planet Home Lending, LLC*, No. CV 22-8052-MWF (E), 2023 U.S. Dist. LEXIS 44007 (C.D. Cal. Mar. 15, 2023). There, your Honor explained that *Astiana v. Hain Celestial Grp., Inc.*, 783 F.3d 753, 762 (9th Cir. 2015) stands for the proposition that, "[a]lthough unjust enrichment is not a standalone cause of action under California law, 'unjust enrichment and restitution are not irrelevant.'" *Id.*; *Astiana*, 783 F.3d at 762. In *Astiana*, the Ninth Circuit explicitly held that "[w]hen a plaintiff alleges unjust enrichment, a court may 'construe the cause of action as a quasi-contract claim seeking restitution.'" 783 F.3d at 762 (quoting *Rutherford Holdings, LLC v. Plaza Del Rey*, 223 Cal. App. 4th 221, 231 (2014)). Additionally, "[R]estitution may be awarded in lieu of breach of contract damages when the parties had an express contract, but it was procured by fraud or is unenforceable or ineffective for some reason." *McBride v. Boughton*, 123 Cal. App. 4th 379, 388 (2004) (citations omitted). Restitution is also proper "where the defendant obtained a benefit from the plaintiff by fraud, duress, conversion, or similar conduct." *Id.*

Based on the unambiguous and self-explanatory legal authority above, Defendants' unjust enrichment claim is proper and not subject to dismissal.

B. Defendants' Unjust Enrichment Claim Arises Out of Services Provided Without a Defined Agreement

1 The TACC makes clear that “Roxanne and Deon, individually and on behalf of
 2 Hyper Engine, have repeatedly refused to create written services agreements or contracts
 3 to define much of the work performed by Counterclaimants for Counter-Defendants and
 4 Roxanne.” TACC ¶ 39. Further, “[b]eginning in May of 2022, Darrick and AONE have
 5 additionally incurred expenses in providing their time and services to Counter-Defendants
 6 and Roxanne, for which there are still outstanding balances and expenses still presently
 7 accruing.” TACC ¶ 60. So, while it is true that “the alleged operating agreements for
 8 Hyper Engine cover . . . the services Defendants allegedly performed for Plaintiffs in
 9 reliance on their claimed respective interests in Hyper Engine” (Pl. Motion, p. 21, lines
 10 11-4), it is also true that some of these services were provided to HEFG and the Taylors
 11 outside the scope of the Hyper Engine agreement. Therefore, unjust enrichment is a valid
 12 mechanism for Defendants to recoup any benefit outside of Darrick’s capacity as a
 13 member of Hyper Engine that Plaintiffs have unjustly retained.

14 **XIII. DEFENDANTS’ NINTH CLAIM FOR DECLARATORY RELIEF IS** 15 **LEGALLY SUFFICIENT**

16 To establish an entitlement to declaratory relief for pleading purposes, Defendants
 17 need only describe the existence of a genuine legal dispute over a matter within the
 18 jurisdiction of the Court. Defendants must allege a “justiciable controversy” in order to
 19 state a claim for declaratory relief. . . . *Maryland Gas. Co. v. Pacific Coal & Oil Co.*, 312
 20 U.S. 270(1941); *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227 (1937). The Declaratory
 21 Judgment Act is a procedural statute providing an additional remedy in which the federal
 22 courts already have jurisdiction, and should be given a liberal interpretation. *Tennessee*
 23 *Coal, Iron & R. Co. v. Muscoda Local No. 123*, 137 F.2d 176, 179 (5th Cir. 1943). Here,
 24 declaratory relief is warranted where the 62-page TACC contains sweeping allegations
 25 establishing an actual controversy regarding Plaintiffs’ breach of contract and fraud in
 26 connection with Hyper Engine, among other things. *See* Section V, above.

27 **XIV. DEFENDANTS’ TENTH CLAIM FOR QUANTUM MERUIT IS TIMELY** 28 **AND SUFFICIENTLY PLED**

A. This District Recognizes Pleading Equitable and Legal Claims in The Alternative

In *Fain v. Am. Honda Motor Co.*, this Court encountered the nearly identical argument asserted by Plaintiffs that dismissal is warranted where Defendants' claims seek equitable relief and are duplicative of Defendants' legal claims. No. CV 19-2945-MWF (PJWx), 2019 U.S. Dist. LEXIS 230731 (C.D. Cal. Dec. 19, 2019). Needless to say, your Honor has already held that this contention lacks merit: "the Ninth Circuit has explicitly held that these *equitable claims can be plead even though they are duplicative*, and district courts interpreting that opinion have held that *plaintiffs can plead equitable relief in the alternative to legal remedies*." (emphasis added). *Id*; See *Astiana*, 783 F.3d at 762 (reversing district court's order dismissing quasi-contract claim because "[t]o the extent the district court concluded that the cause of action was nonsensical because it was duplicative or superfluous . . . this is not grounds for dismissal"). Fed. R. Civ. P. 8(d)(2) further holds that "[a] party may set out 2 or more statements of a claim or defense alternatively or hypothetically, either in a single count or defense or in separate ones."

The above cited authorities clearly demonstrate that Defendants are entitled to maintain their Quantum Meruit claim as an alternative to any potential or "duplicative" legal remedy arising out of contract. The existence of an adequate legal remedy is therefore irrelevant at this stage in the pleading. As a result, Defendants' quantum meruit claim should not be dismissed.

B. Defendants' Quantum Meruit Claim is Timely

As fully set forth in Section VI above, the earliest possible date on which Defendants discovered their claims related to an alleged Hyper Engine partnership between Plaintiffs and Angelone and AOne accrued on or after April 22, 2022. TACC ¶ 42. Considering the Defendants' initial filing date of September 16, 2022, this claim is squarely within the applicable two-year statute of limitations.

XV. DEFENDANTS' ELEVENTH CLAIM FOR NEGLIGENCE IS TIMELY AND SUFFICIENTLY PLED

A. This Claim is Timely on its Face

Here, as with Defendants’ negligent misrepresentation claim, the earliest possible date for when Defendants were on notice of Plaintiffs’ negligent conduct was on or after April 22, 2022. *See* TACC ¶ 42. Applying the two-year statute of limitations provided in Cal. Code of Civil Procedure § 335.1, this claim is timely because Defendants filed their State Court complaint on September 16, 2022, only months after the earliest possible discovery date. RJN, ¶ 1.

B. This Claim Has Been Pled With Overwhelming Specificity

Defendants’ negligence claim, as with all other claims in the TACC, have been pled with painstaking specificity. As set forth full in Sections IX and X above, the TACC fraught with details of the Plaintiffs’ fraudulent and grossly negligent conduct with respect to the formation of Hyper Engine, including but not limited to emails, telephone discussions, meetings, events, and other actions by Plaintiffs which plainly indicate the “the who, what, when, where, and how” of their fraudulent conduct. *See Ebeid*, 616 F.3d at 998; TACC ¶¶ 31-33. Specifically as to this negligence claim, ¶142 of the TACC sets forth that Plaintiffs owed a duty to Defendants “as business partners and equal members and in using and relying on Darrick and AONE for their digital marketing services.” This is in addition to the duty owed to Darrick pursuant to the Hyper Engine Operating agreement. *See* Sections III and V, above. ¶¶ 34-35 of the TACC summarize Plaintiffs’ various breaches of their duty, which are evidenced in part by Plaintiffs’ deliberate failures to correct or advise anyone of their belief that Darrick was not actually a member of Hyper Engine, and Deon Taylor’s astonishing statement, in a voice memo dated April 8, 2022, that Hyper Engine was “not real”. Furthermore, ¶¶ 38-47 of the TACC provide thoroughly specific details of the circumstances in which Plaintiffs’ carried out their scheme to oust Darrick from his membership position in Hyper Engine and ultimately defraud him out of his time and substantial investment in the LLC. This claim has been pled with great specificity and is therefore not subject to dismissal on this ground.

XVI. LEAVE TO AMEND SHOULD BE GRANTED

1 Generally, district courts should liberally grant motions to amend the pleadings
2 under Fed. Rule Civ. Proc. 15. *See Moss v. U.S. Secret Service*, 572 F.3d 962, 972 (9th
3 Cir. 2009) (stating that leave to amend should be granted with "extreme liberality").

4 Here, in the event that Plaintiffs' Motion is granted, this Court should grant
5 Defendants leave to amend because any alleged defect can easily be cured by allegation of
6 other facts, and because there has been no bad faith on Defendants' part. Leave to amend
7 is especially warranted here in light of the fact that this is the first time that this Court will
8 consider the sufficiency of Defendants' pleadings.

9 **XVII. CONCLUSION**

10 Based on the foregoing, Defendants respectfully request that this Court deny
11 Plaintiffs' Motion to Dismiss Defendants' Third Amended Counterclaims and Third-Party
12 Complaint in its entirety. In the alternative, Defendants respectfully request that this Court
13 grant Defendants' leave to file a Fourth Amended Counterclaims and First Amended
14 Third-Party Complaint against Roxanne Taylor.

15
16 **Dated: April 3, 2023**

**LAW OFFICES OF J.T. FOX &
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